



Summary of the Annual Report 2010/11

The year at a glance



ABOUT THIS SUMMARY

Each year, the audited Annual Report is Council's key public accountability document. The full Annual Report covers its financial and service performance over the past year.

This summary gives you an overview of what was covered in the Annual Report, with the main headlines and information that discloses what you need to know about how well your Council has performed over the last year.

The summary cannot provide a complete understanding of Council's financial and service performance and financial position. For the full story, refer to the full 204 page Annual Report, which is available online at www.nelsoncitycouncil.co.nz, or through its Customer Service Centre and Nelson Public Libraries or phone 546 0200 to ask for a copy.





From the Mayor

Tēnā koutou e te whānau ki Whakatū

Looking back to June 2010, so much has happened in our city. As this financial year closed we were poised to host our RWC 2011 team and games. There has been a great community effort to prepare for this once in a lifetime event and Council has led from the front to ensure Nelson was ready.

Highlights in the past year were the Trafalgar Park upgrade, which means we now have a fantastic facility that we can be proud of and the ongoing investment in sports facilities at Saxton Field, including the cricket, athletics and football pavilion and the hockey and softball pavilion.

In recognition of the tough economic times, the average rates rise set for 2011/12 was a very restrained 3.48% and was achieved without sacrificing service levels or increasing debt levels.

Council also put extra effort into improving customer service, attaining pleasing increases in satisfaction levels in both the annual residents and counter customer surveys. Add that to an incredibly busy year thanks to a mix of planned and unplanned work and we can be proud of our achievements.

The Annual Report is our report card for our residents and ratepayers showing whether we achieved what we set out in the Annual Plan. We believe the results speak for themselves.



Aldo Miccio
MAYOR OF NELSON

From the Chief Executive

GREAT SERVICE AND GOOD VALUE TOO

This Annual Report shows Council has really lifted its game on the key issues of great service and value for money. Council has raised surveyed residents' satisfaction with Council service performance by six percent in the past year, as well as increasing their perception of value for money by seven percent.

Our across-the-counter customer satisfaction has lifted to over 84%, up from 40% two years ago, while the increase in our customers' satisfaction is also matched by our own staff. The number of positively engaged staff has lifted from just over 20% two years ago to just below 40% this year.

CAREFUL SPENDING TO EXPAND CITY'S ASSETS

We have been keeping a close eye on the purse strings while maintaining or building levels of service. Despite tough economic times, Council has completed some major projects over the last year. These are just some examples from the extensive list that have either been progressed or completed:

- Way finding signs and lower Maitai Walkway to enhance the city centre
- Nelson North Wastewater Treatment Plant wetlands
- The Stoke high level water supply reservoir to ensure 24 hours of water storage for Stoke if there is an outage
- Trafalgar Centre western side upgrade
- Significant progress on the Jenner Rd / St Vincent St upgrade

And the outstanding financial management and performance within the organisation allowed Council to propose its lowest rates rise in nearly two decades for the draft Annual Plan.

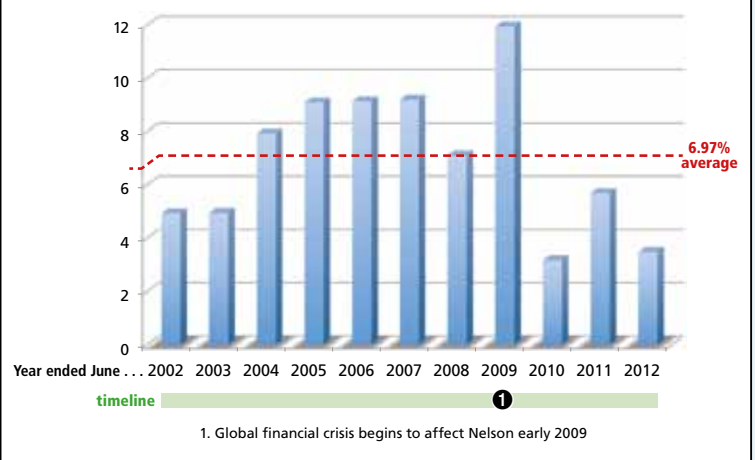
This Annual Report shows the Council's net worth at the end of the year was \$1.15 billion – a \$45m increase from the previous year. The Council received a total income of \$91m for the year, of which \$51m was from rates. Spending totalled \$76m. These numbers confirm Council has been taking every care with its financial management.

Our special thanks to Councillors and staff for their support over the past year in making Nelson the best place it can be.



Keith Marshall
CHIEF EXECUTIVE

Annual increase in average rates & charges



This graph shows the annual percentage increase in average rates and charges over the last decade, including the rate set for the current 2011/12 year. It shows significantly reduced percentages over the last three years mainly in response to the global financial crisis.



About your Council

Nelson City Council has a Mayor and 12 Councillors who employ the Chief Executive. The organisation has 260 staff in 225 full time equivalent positions to provide advice, implement Council's decisions and look after its day to day operations. It is a unitary council, one of only six that are both regional and local authorities. The city owns assets totalling \$1.22 billion including land, infrastructure and facilities – assets totalled \$1.17 billion the year before.

The Nelson City Council Group consists of Nelson City Council, its subsidiaries – Nelmac Ltd, the Nelson Civic Trust, The Bishop Suter Trust and the Nelson Regional Economic Development Agency – and associates and joint ventures.

How do YOU think Council has performed over the last year?

Council gathered feedback over the year through its annual surveys of residents and counter customers. Results of these are included in the Annual Report and the full survey reports are available on the website or on request. We also asked some people who work with Council what they thought. This is what they said.

"Council has been extremely supportive of House 44 in Stoke, not only with funding but also by representatives attending meetings and giving advice"

Jane Worthington, HOUSE 44

"The standout for me over the past year has been Council showing leadership on some long term issues like sustainability – and its organisational delivery for the Rugby World Cup 2011 has been absolutely superior. Good on them for seizing the opportunities"

Dot Kettle, CHAMBER OF COMMERCE

"Council has continued to strive to provide the best services to the Nelson community. Job well done, ladies and gents"

NELSON YOUTH COUNCILLOR, via txt

"I think it's done well. Just the whole skate park thing has been a little messy, that is to be expected with the nature of the issue"

NELSON YOUTH COUNCILLOR, via txt

"Great to see over this last year an enthusiastic young Mayor showing great leadership in guiding the NCC into [being an] "Alive Nelson" with brilliant events other than the yearly usual. Patience and motivation will show business sustainability into the future."

Judi Billens, NGĀTI TAMA

"Nelson City Council has done wonders. I know that when I get back from my Senior Citizens forums if I have a question or concern arising out of them I can ring NCC staff and I get a response and often a great outcome. They research my concern and get on with it!"

Ruby Aberhart, POSITIVE AGEING FORUM

"The relationship with Māori continues to develop as evidenced in the partnership to welcome the Italians to Whakatu Marae and the memorial for the 28th Māori Battalion in Anzac Park. It's great to see our mutual priorities reflected in Council work, kia ora."

Ropata Taylor, WAKATU INCORPORATION

WORKING WITH MĀORI

Council's relationships with Iwi Māori continued to go from strength to strength over the past year, with the updated Memorandum of Understanding with local iwi completed for each to ratify. Kotahitanga Hui provided the main forum for 'rangatira to rangatira' discussions between Council and iwi leaders, supported by the office of the Kaihautū in Council. Other progress over the year on opportunities for Māori to be involved in Council decision making are summarised on page 25 of the Annual Report.

GREENHOUSE GAS EMISSIONS

Council's commitment to sustainability was first expressed in its 2008 Sustainability Policy. In October 2008 Council made the commitment to monitor and report on Council's greenhouse gas emissions, assess opportunities for reductions and take action to achieve these reductions.

The medium term target was to stabilise Council's emissions by 2012. The greenhouse gas inventory has been carried out for the past four years including the 2010/11 financial year. Overall, emissions for the 2010/11 year increased by one percent compared with the previous year but are two percent lower than two years ago. See the Annual Report for the full summary.

The biggest contributor to Nelson City Council's carbon footprint is electricity use, which contributes 85 percent of total carbon emissions. Council's use of electricity increased overall between 2009/10 and 2010/11 by two percent or 185,000 kilowatts. The Trafalgar Park substation used almost 65,000 kilowatts more in the 2010/11 year than the previous year. The park was able to be used more this year, following construction work the year before, and also hosted several Super 12 rugby games.

Data is also collected on water use as an indicator of the council's environmental sustainability. Water use in 2010/11 increased by 1,572m³, which was one percent higher than the previous year. More water was used at Trafalgar Park and Saxton Field due to increased use of these facilities compared with the previous year. Water use decreased at Nayland Pool for the last two years due to an ongoing leak resolution program. A new irrigation system installed at Isel Park has resulted in a significant decrease in water use there.

THE REASON FOR IT ALL – COMMUNITY OUTCOMES

Everything Council does is with an eye on Nelson's long term goals – all aimed to make Nelson an even better place that we can be proud to call home. What Council did over the year toward achieving these goals is explained in more depth in the full Annual Report. Our community outcomes are:

Healthy land, sea, air and water – we protect the natural environment

People-friendly places – we build healthy, accessible and attractive places and live in a sustainable region

A strong economy – we all benefit from a sustainable, innovative and diversified economy

Kind, healthy people – we are part of a welcoming, safe, inclusive and healthy community

A fun, creative culture – we are proud of our creative local culture and regional identity

Good leadership – our leaders are proactive, innovative and inclusive.

What Council delivered

The 12 months ending June 2011 signalled another very full year for Nelson City Council. Staff delivered the majority of what had been planned for the year, as well as responding to the additional demands of natural disasters, preparations for Rugby World Cup 2011 and adjusting to a new organisational structure, which came into effect from November 2010. A record high number of submissions on the draft Annual Plan for 2011/12 meant extra work. And the triennial local government elections took place within the last year, resulting in a new Mayor and 12 Councillors including six new elected representatives.

On the financial front, Audit New Zealand issued an unmodified opinion that Council had complied with NZ generally accepted accounting practice (GAAP) and other requirements. See the Auditor's Report in the Annual Report for their full opinion. The main financial headlines include:

- Rates made up 56% of Council income – \$51m of the total \$91m – the rest came from sources such as fees, charges, rent and grants
- The net surplus before revaluations was \$15.1m, which was \$6.8m over budget
- Debt levels were \$59.7m, compared to \$51.1m the year before, 2009/10. Debt had been budgeted to be \$104m, net of deposits. It was significantly less than budget mainly because of delayed capital projects, explained in Note 33 in the full Annual Report.

MAKING NELSON A BETTER PLACE – COST EFFECTIVELY

Council delivered a wide range of projects, services and programmes over the year, at an average individual rates cost of \$34 per week. Some of these services were invisible, like the treatment and disposal of sewage and wastewater, but are delivered continuously and are crucial to protect the health of residents and visitors to Nelson. For an average of less than \$5 a day, Council provided a range of public goods, services and facilities, including:

- a reliable wastewater system
- an extensive stormwater network and flood protection
- control of pests and weeds, monitoring of environmental quality and trends, including air and freshwater quality
- a transport network, other than the state highway
- parks, reserves and off street cycle ways, sports facilities and grounds, recreation programmes
- the very popular public libraries
- part funding for economic development and tourism
- civil defence and emergency management
- festivals, public art works and heritage sites
- investment in cultural facilities such as the Theatre Royal, School of Music, Provincial Museum and The Suter

AND MORE ...

Major capital projects that Council began, progressed or completed over the year include:

- Founders Heritage Park stormwater upgrade project, stage II to reduce flooding risk
- Enner Glynn water supply renewals to address water pressure and pipe failures
- Point Rd, Monaco, water supply renewals to replace old asbestos cement pipes and ensure sufficient water flows
- Orphanage Creek combined stormwater and transport project to provide a culvert under Main Rd Stoke with a cycle way to Saxton Field
- Atawhai Drive combined transport, stormwater and sewer upgrade to improve its flood capacity and footpaths
- Seymour Ave combined transport and stormwater upgrade to bring the road infrastructure to an acceptable standard
- Weka St combined stormwater and sewer upgrade to renew wastewater pipes and install new stormwater pipes from Collingwood St to North Rd
- Greenmeadows development in Stoke to remove the old rubber bowling green, resurface the tennis courts, improve the car park, remove the Marsden Recreation Ground tennis courts and upgrade the Isele Park car park.

JUST SOME OF WHAT COUNCIL DID

Output results and totals for the year ended June 2011 show Council...

- assisted a monthly average of 6,627 people through the Customer Service Centre and answered 5,388 phone calls – an annual total of nearly 80,000 customers and 65,000 calls
- delivered 25 issues of Live Nelson, Council's official information publication, to over 19,000 households every fortnight
- worked with 1,950 students from 69 classes and 15 schools to plant 13,500 trees in reserves and parks around the city
- assisted 540 residents to plant 16,800 trees at six community planting days: Botanical Hill, Glenduan Reserve, Hockey Reserve in the Brook Valley, Paremata Flats, Marsden House on the Railway Reserve and at Tahunanui Beach
- provided 4,000 households with Civil Defence bags and Get Ready Get Thru brochures, reaching around 10,400 Nelson residents
- issued 445 resource consents, 81 more than the previous year, with 3,648 hours of staff time on monitoring resource consents and activities permitted by the Nelson Resource Management Plan and issued 382 Land Information Memoranda (LIMs), 61 more than the previous year
- responded to 4,156 requests to investigate noise, dog, pollution, Bylaw and livestock issues
- ran the Saxton Stadium, which saw 212,000 visitors
- had 120,000 visits to the Riverside and Nayland swimming pools
- managed 200 community development contracts and administered funding for 74 community groups
- ran approximately 70 festivals and events, five exhibitions, and over 50 community programmes
- worked closely with around 15 government departments and 80 community groups regularly on community development alone
- welcomed 90,000 visitors to Founders Heritage Park
- facilitated the upgrade of 273 Nelson houses with heat pumps, and/or insulation and 95 solar hot water installations
- welcomed 3% more library visitors than the previous year with 413,490 people into the Elma Turner Library where the busiest day on 5 January 2011 had 2,301 through the door, 161,332 at Stoke Library and 27,783 at the Nightingale Library in Tahunanui
- boasted a library membership of 75%, among the highest in the country with 34,666 members in June 2011 of the current Nelson population projection of 45,500 – the national average is just over 50%.

What did not go to plan

Not everything that was included in the Annual Plan for 2010/11 could be achieved according to plan. This summary highlights some of the work that was not completed or did not go as planned and the reasons why. Other shortfalls are included in the full Annual Report.

Many of the **Heart of Nelson** capital projects in the 2009 Nelson Community Plan (LTCCP) have not progressed at the rate that had initially been planned. An example is the delay in beginning a major upgrade of the lower Maitai Walkway, which was deferred to avoid conflict with Rugby World Cup 2011 events. The Trafalgar St Bridge and the Maitai River are the main gateway into central Nelson from the northeast. Work to tidy up the Bridge has been delayed as some materials were not immediately available. Work is planned to re-start after Rugby World Cup 2011.

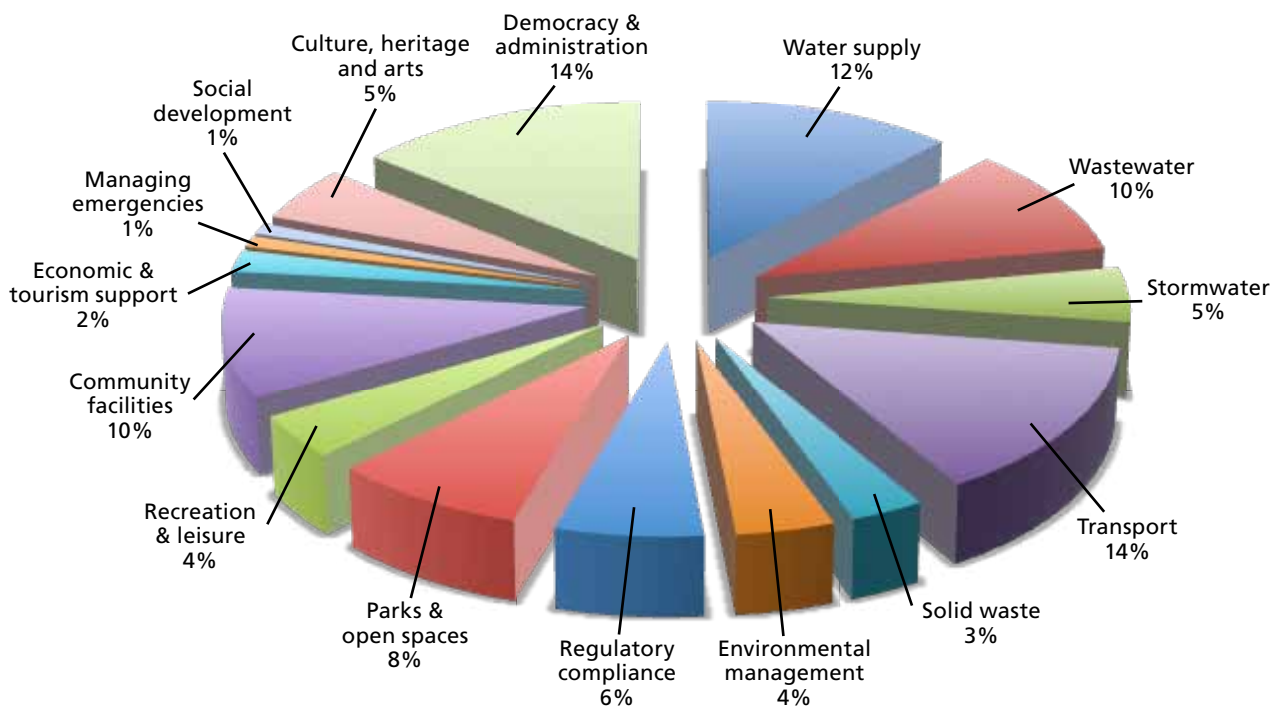
In the Heart of Nelson Strategy Council aimed to make **Montgomery Square** more attractive for the large numbers of locals and visitors who use the area, including the high profile Nelson Market on Saturday mornings. The work had been planned for completion before Rugby World Cup 2011 events but was the subject of legal proceedings. The subsequent judgement required Council to undertake further consultation before making any further decision to upgrade the Square.

Council's new way of reporting on environmental quality through scorecards showed Nelson is falling short on **fresh water quality** and the health of water courses. Swimming water quality standard targets were not achieved and Council is looking at how best to respond to these results. Scorecard results are available through Council's website or by request through the Customer Service Centre.

Successive Nelson councils have set a goal to divert **green waste** away from the York Valley landfill by offering a reduced charge at the transfer station. Green waste collected from there was sent for processing into compost. What wasn't anticipated, at the time targets were set, was the level of private diversion of green waste. The amount actually diverted is considerably greater than what is collected at the transfer station and increased composting at home further reduces inputs. Council-supported promotions to encourage composting of garden and kitchen waste by residents have significantly increased composting levels since 2005, as shown in surveys of residents.

WHAT WAS SPENT AND DID WE DO WHAT WE SAID WE WOULD?

Council recorded a surplus, before revaluations, for the year ending 30 June 2011 of \$15.1m, which was \$6.8m over budget. This compares to a surplus of \$17.6m in the year before, the 2009/10 financial year. The significant variations from budget are listed in Note 33 of the Annual Report. The most significant was the vested assets and development contributions, which were \$4.1m over the budget of \$7m.

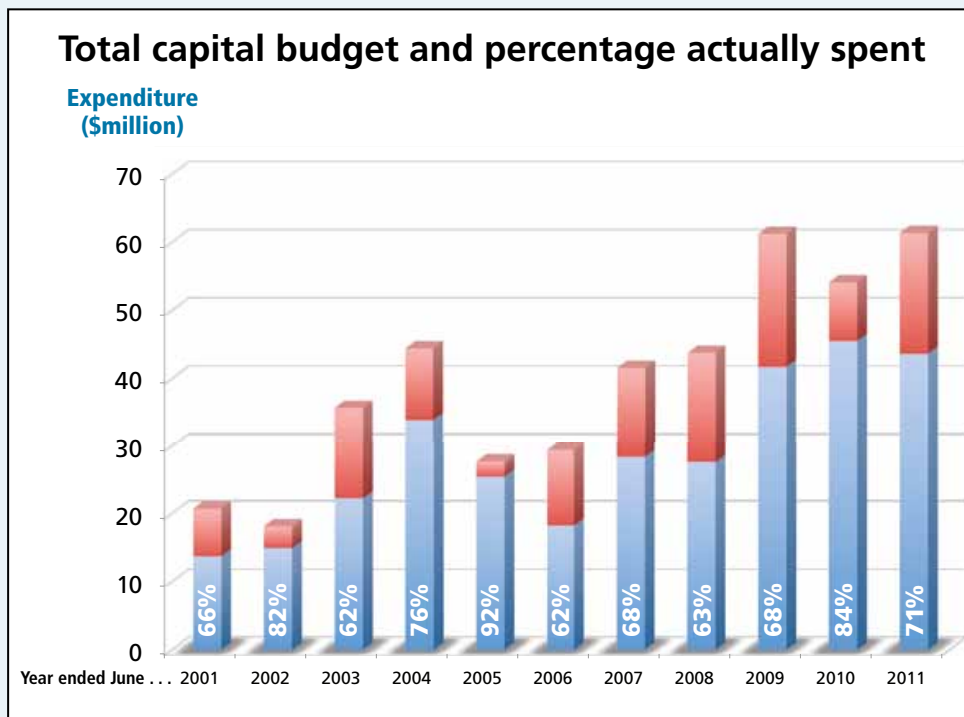


The pie graph shows how much Council spent on its different activities. Council's operating costs – what it actually spent – totalled \$76.2m, compared to \$79.5m that had been estimated at the beginning of the 2010/11 year.

Council staff, November 2010. PHOTO BY THE LATE JUNGLE PAYNE.



CAPITAL SPENDING



INVESTMENT IN BUILDING THE CITY'S ASSETS

This graph shows the proportion of the capital budget that was spent over the last decade to build new city assets. Each year, only a proportion of what was budgeted actually gets spent due to delays including bad weather during construction, unforeseen site conditions especially affecting underground services and consultation delays. Changes in scope, priority or a lack of required materials can also delay construction, causing projects not to be completed in the year for which they had originally been budgeted and some of the under spending was due to budgets being revised downwards to limit rates increases.

When budgeted capex is not spent, it may be carried over to the following year subject to Council approval.



Council's activities over the year – what was done, what wasn't and why


This section gives a snapshot of our work over the past financial year to 30 June 2011. A full account of what we achieved and or did not achieve is in the Annual Report. Council organises its work into 17 activities, with a selection of the headlines from each summarised here.

Water supply

One major project was completed and another kicked off. The Stoke water storage reservoir, which holds 2,500 cubic meters of water, will help keep Stoke supplied with water if there is an outage. And the design work for a duplicate water supply pipe down the Maitai Valley was completed during the year. Once constructed over the next few years, this pipeline will provide a more secure water supply and increased capacity. Work continued on installing pressure reducing valves so more properties receive water at the right pressure, part of a continuing programme to reduce pipe failures and leaks.

The water supply delivered by Council to the urban area was confirmed as being of a very high quality Ab grading. The grading report noted that this Ab grade had been consistently obtained since the commissioning of the Tantragee Water Treatment Plant in 2004.

YOU SAID See graph below.

 Council achieved all but one of its nine water supply targets. Water pressure was the only shortfall, at 1.3% below the 99.9% target for Fire Service standard coverage throughout the city. Staff are looking into what would bring the network up to full compliance.



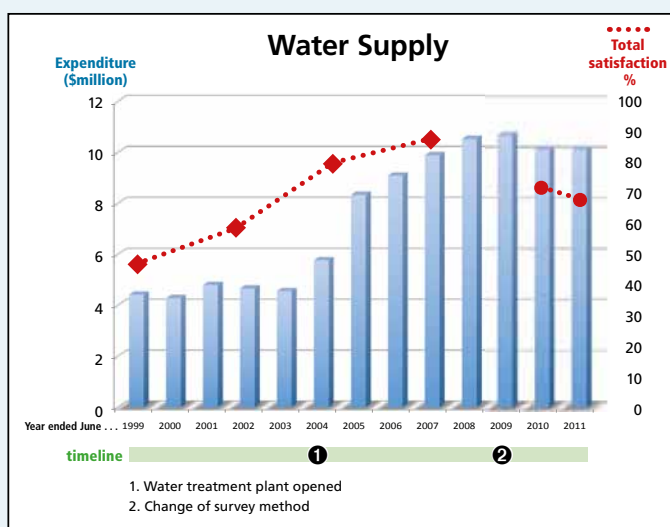
Water supply revenue was \$388,000 under budget, mainly due to the decision not to proceed with the \$340,000 backflow prevention programme in 2010/11. Financial contributions were \$76,000 over budget. Operating costs were \$314,000 under budget, mainly in maintenance but also due to a \$75,000 saving in electricity at the water treatment plant.

Water supply capital expenditure was \$928,000 below budget due to the delay in backflow prevention as above, the Stoke trunk water main pipeline not proceeding and delays in the commercial water meter replacement project.

OPERATING BUDGET: \$10.6m

ACTUAL SPENT: \$10.1m

MAJOR PROJECTS:
Pipe renewals \$750,000
Stoke reservoir \$878,000



IMPROVED RESIDENT SATISFACTION WITH WATER SUPPLY

The bars on this graph show the total amount spent annually on Council's water supply since 1999, with the most significant increase due to the \$26 million Tantragee Saddle water treatment plant, which was officially opened in August 2004. Before the plant began operating, the Ministry of Health water quality grade was 'Ed' – any grading under Cc is unsatisfactory. After one year of plant operation, it was re-graded to 'Ab', which has been maintained since. The dotted line shows the percentage of residents in annual surveys who said they were satisfied with Council's water supply. There were low levels of satisfaction before the plant opened and much higher satisfaction after 2004. While there was an apparent drop between 2007 and 2010, the survey question was asked in a different way so around 70% is a very good total satisfaction result, approximately equivalent to the 2007 result.

Wastewater

Planning began for upgrading the main sewer pump station at the northern end of Neale Park. The current programme would see this built by 2019. The regional facility at Bell Island, shared 50% with Tasman District Council, saw significant progress on the new pipeline across the Waimea Estuary. It is programmed for completion by December 2011 at a revised total cost of just under \$13m.

There was concern over the year when, on three occasions, the ponds failed at the Nelson North wastewater treatment plant causing unpleasant smells in the area. Council engaged a consultant to review the plant's operation with the contractors, work out the causes and recommend lasting solutions.

YOU SAID Council's wastewater work had the fourth highest dissatisfaction rating in the annual survey of residents. Of the 13 people who commented, most were concerned about smells in the Nelson North wastewater treatment plant area.



Council achieved three of its five wastewater targets, falling short on the odour events from the Nelson North treatment plant. Over all Council did better compared to the previous year, which had four targets not achieved. In 2010/11 the response time to wastewater emergencies and zero overflow targets were both achieved.



Financial contributions for wastewater were \$419,000 more than had been budgeted. Other revenue was \$730,000 over budget, including trade waste revenue of \$200,000 and operating expenses were

\$558,000 under budget, mainly in the Regional Sewerage (Bell Island) Scheme charge.

Interest costs were \$535,000 under budget due to both savings and delays in capital expenditure in the Bell Island Regional Scheme. And capital expenditure was well under budget, mainly due to the Bell Island Regional Scheme being \$7.9m under budget as a result of delays in the pipeline upgrade as well as savings. The City's wastewater capital expenditure was \$2.6m less than budget mainly due to cut backs on renewals and delays in projects.

OPERATING BUDGET: \$9.7m

ACTUAL SPENT: \$8.7m

MAJOR PROJECTS: Waste water pipe renewals \$623,000 and Nelson regional sewerage scheme \$3.06m

Stormwater and flood protection

The two main highlights for the stormwater system were completing the shared stormwater / cycle underpass at Saxton Field, Stoke and the next stage in the Wood stormwater upgrade project.

YOU SAID Generally residents in the annual survey were not too concerned about how Council was performing in this part of its work, with potential for flooding in specific areas mentioned by only five people of the 400 surveyed.



Council achieved four of its five stormwater targets, one better than in 2010/11. It fell below target with 2% – three out of 138 – emergency responses not meeting the 30 minute target. It achieved compliance with all resource consent conditions and there is an ongoing programme in place to improve both the natural and piped

parts of the stormwater network, targeting areas of highest risk first.



Financial contributions for stormwater were \$130,000 higher than what had been budgeted. Capital expenditure was \$1.5m under budget due to the Council's decision to postpone capital expenditure, taking account of the economic climate. As a result of this, new loans raised were \$1.2m under budget.

OPERATING BUDGET: \$3.97m

ACTUAL SPENT: \$3.88m

Heart of Nelson

It was a mixed year for the Heart of Nelson projects, with some highly visible successes including the new way finding signs around the city centre. Some projects were delayed and Montgomery Square improvements were the subject of a legal challenge.

There are no specific performance measures or resident survey results for this activity.



Capital expenditure was \$1.2m under budget due to delays with many of the projects, which is explained further on page 17 of the full Annual Report.

OPERATING BUDGET: \$204,000

ACTUAL SPENT: \$122,000



Solid waste management

The amount of waste going to the landfill continued a downward trend, mainly due to the down turn in the economy. Consent issues led to 11% of the annual green waste amount not being processed separately for a time, which was subsequently re-established with a new contractor.

YOU SAID Surveyed residents gave Council's solid waste management a 54% satisfaction rating, which was in the lower mid range and similar to previous years. Of the 13 who were dissatisfied, some mentioned the hassle and expense of using the service.



Solid waste management met three of its four targets, one better than the year before. The improvement was in meeting all resource consent conditions.



The amount of waste going to the landfill and transfer station was well down on budget, with revenue down by \$360,000, but expenditure was down by even more at \$572,000. The combined quantity of waste going to Nelson City Council and Tasman District Council facilities was a lot less than in previous years, indicating that this trend was not due to pricing differences between the two Councils, but can be attributed to the general downturn in the economy. The Ministry for the Environment reports a similar trend across New Zealand.

OPERATING BUDGET: \$3.38m

ACTUAL SPENT: \$2.86m

Environmental management

The groundwork was laid for the Sustainability Strategy with the establishment of a Mayoral Taskforce on Sustainability. Council consulted extensively with interested people and organisations on this significant policy development that aims to develop a long term vision for Nelson. Air quality continued to improve, but freshwater quality continued to deteriorate.

YOU SAID Surveyed residents ranked Council's environmental management at 11th out of the 14 activities, with a satisfaction rating of 37%. Even so, dissatisfaction ratings were relatively low and most concerns related to issues not covered by this activity, which is mainly about planning advice, pest management, monitoring the environment and environmental education.



Only five of the twelve targets set for environmental management were achieved, with shortfalls in Clean Heat Warm Home installations, plan changes, swimming water

standards, stream health, and carbon emissions. This was a similar performance level to the previous year, apart from the deterioration in freshwater quality.



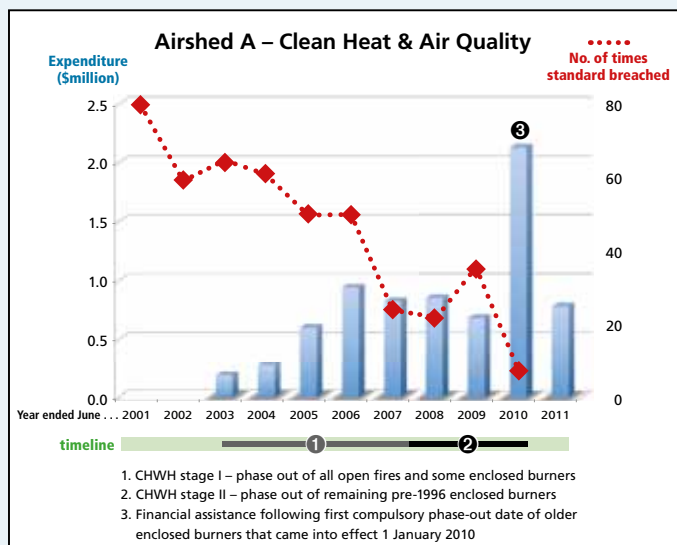
Other revenue for environmental management was \$1.4m under budget, but operating expenditure was also under by \$2m due to slower than planned uptake on the solar saver and clean heat warm homes schemes.

OPERATING BUDGET: \$5.1m

ACTUAL SPENT: \$2.96m

INVESTMENT TO CLEAR THE AIR

The bars on this graph shows the investment Council has put into improving air quality since the monitoring programme began in 2001. The programme included a new Air Quality Plan, promotions, a ban on open fires and funding for the Clean Heat Warm Homes scheme to help homeowners to replace old enclosed burners with cleaner alternatives. The dotted line shows the number of 'exceedences', which are the number of times each winter when the maximum air pollutant standard was breached. The target is set at 50 micrograms (μg) of PM_{10} – the very small smoke particles that cause health problems when breathed in – per cubic metre of air. The Council has to achieve not more than three breaches of the national standard per winter by 2016 and one by 2020.



Transport

The Arterial Traffic Study was completed in early 2011 and forwarded to NZ Transport Agency for sign off. Council accepted the study findings that new roading capacity would not be required in Nelson within the next 25 years. It also decided to protect the southern arterial transport corridor to keep options open for the future as well as investigating a new Rocks Rd walkway and cycle way to connect to the Tahunanui cycle and walkway network.

Council made progress on some major transport projects including Locking St, Atawhai Drive, Iwa Road, Seymour Avenue and St Vincent/Jenner Road. The cycle network continued to expand, and the ground work was put in place to improve public transport services.

YOU SAID Surveyed residents continued to give transport a low satisfaction rating overall at 40%, although this was up from 22% a year earlier. Dissatisfaction reduced, but there is still significant concern about the lack of public transport and poor road condition. Once the proposal to increase the level of public transport is implemented, it will be several more years before survey results show whether these initiatives have led to a sustained improvement in satisfaction levels.



Four out of seven targets were met, with key shortfalls in the proportion of commuters switching to public transport or cycling and walking. This showed improved performance compared to the year before in road safety results.



Interest costs for transport were \$356,000 under budget mainly because of both the timing of capital expenditure and financial contributions being \$215,000 greater than budgeted. Capital expenditure was \$2.9m below budget, of which \$749,000 was due to Waimea/Motueka Street intersection being delayed awaiting Arterial Traffic Study release, the renewals program being under budget by \$522,000 and the \$397,000 Brougham Street project being cut.

OPERATING BUDGET: \$12.5m

ACTUAL SPENT: \$12.1m

MAJOR PROJECTS:

St Vincent/Jenner Rd \$1.08m and Locking St \$814,000

Regulatory compliance

In early 2011, an independent audit and review re-accredited Council's Building Unit as a Building Consent Authority (BCA). The assessment identified no non-compliances and required significant preparation, including competency assessments of all relevant staff and customer service officers and a review and audit of all systems and processes in the BCA and quality assurance (QA) management manual.

Over the year, there was a significant improvement in resource consent timeframe compliance. In some months towards the end of the period, 100% of all consents were processed on time, assisted by a full team, improved systems and staff commitment to high quality customer service. The national average is around 70% processed on time. Five years ago, Council averaged only 45% on time.

YOU SAID There was a significant drop in satisfaction with this activity, with a 30% satisfaction rating. Those dissatisfied cited time and cost concerns with the consent process, much of which is due to legal requirements. Council has already put systems in place to improve consent processing times and plans to survey customers to seek feedback to improve the experience of those applying for consents.



Five of twelve targets were met, compared to four the year before. Most shortfalls were in the implementation of the Earthquake Prone Building Policy, which has been behind programme due to staffing

capacity but is now catching up. Other areas behind target were consent processing times and high priority complaint response times. Steps have been taken to improve these results.



Other revenue for regulatory compliance was \$409,000 under budget due to the impact of the economic environment reducing consent numbers. Operating expenses were also under budget by \$398,000.

OPERATING BUDGET: \$5.2m

ACTUAL SPENT: \$4.8m

Parks and open space

Sports facilities at Saxton Field and Trafalgar Park were expanded, mostly within budget. Trafalgar Park was 1% over budget, due to minor scope increases to meet Rugby World Cup 2011 requirements.

Significant active recreation projects included completion of the new Involution mountain bike track at the top of Marsden Valley and major improvements to the Dun Mountain Trail walkway and cycle track as part of the national cycleway project. These enviable facilities will cater for the high proportion of locals who mountain bike as well as attracting visitors to enjoy Nelson's trails.

Council completed negotiations to secure the buildings and assets of the Maitai Club during the year to protect the long term interests of the site. It also completed another strategic land purchase next to the Wakatu car park on Ajax Avenue.

YOU SAID Parks and open space regularly score highly on satisfaction ratings and this year continued this trend, ranking first with 82%, 7 points higher than the previous year. There were many positive comments by those surveyed and only two expressed concern about broken glass and wanting better facilities.



Three of six targets were met. Shortfalls were in the provision of neighbourhood parks in The Wood and in play facilities in The Brook and Todd's Valley.

Council is yet to put in place a system to regularly monitor key species and habitats in conservation and landscape reserves, but this is programmed for 2011/12.



Other revenue for parks and reserves was \$251,000 over budget, mainly due to the \$182,000 contribution from the National Cycleway Fund not being included in the budget. Operating expenses were \$258,000 under budget due to maintenance cuts, and capital expenditure was \$4.9m under budget, mainly in neighbourhood parks due to delays in land purchases and reserve development. Due to this, as well as higher financial contributions and higher depreciation, the loans raised were \$5.6m under budget.

OPERATING BUDGET: \$6.4m

ACTUAL SPENT: \$6.6m

LAND PURCHASES (NEIGHBOURHOOD PARKS): \$1.85m

Recreation and leisure

A series of successful recreation programmes helped increase residents' activity levels, including the 'Get Moving' project, Way2Go programme and one off events.

Natureland Zoo managers, Christchurch-based Orana Park Ltd, were affected by the earthquakes and had to adopt a 'get through' plan with reduced advertising and some redundancies. Council is providing an additional \$50,000 in the 2011/12 year to help reduce some of the impact on Natureland.

YOU SAID Another consistently high scoring activity, Council's recreation and leisure work was rated third of 14 activities with a 68% satisfaction rating, similar to the previous year. Dissatisfaction levels were low, with only five of 400 commenting on user charges, funding priorities and seeking more facilities.



One of the two targets was achieved. The shortfall was in visitor numbers to Natureland Zoo, where visits were 33,381, which was fewer than the previous three years, the highest being 35,959 in 2008/09. The aim is to increase numbers each year.



Close to budget – there were no material differences against budget for recreation and leisure.

OPERATING BUDGET: \$3.6m

ACTUAL SPENT: \$3.4m



Community facilities

Nelson Public Libraries continued to be well used and appreciated by Nelson residents over the year, with an 85% satisfaction rating in the 2011 Council survey of residents. There was some concern voiced in submissions on Council's draft Annual Plan about open access computers in the libraries. However, the majority support and anticipated benefits meant Council decided to continue mainly Government-funded internet access in Nelson Public Libraries. Preparations for improvements to the very popular Stoke Library meant work could be completed for the re-opening in August 2011.

The large berths project kicked off over the year to provide berth facilities for larger vessels up to 30m in length within the marina. Since the end of the financial year, the marina office and changing facilities incorporating public toilets were completed on time and to budget and are now in use.

YOU SAID Council's community facilities are also popular with residents, with those surveyed rating it second on 73%, 11 points higher than the previous year. Dissatisfaction ratings were in the lower mid range on 5%, with most concern about the poor condition of toilets. Council has improved servicing, refurbishment and replacement programmes in response.



Only one of the three targets was not achieved – community housing rents do not cover maintenance and operating costs. The target is to provide community housing at no cost to rates.



Other revenue for community facilities was \$846,000 over budget, which includes the \$391,000 Housing NZ grant for Orchard Street flats redevelopment and \$100,000 marina berth fees.

OPERATING BUDGET: \$8.5m

ACTUAL SPENT: \$8.5m

MAJOR PROJECTS: Marina large berths \$504,000, Saxton Field cricket/athletics pavilion \$2.3m, Trafalgar Centre \$792,000 and Trafalgar Park \$781,000

Economic and tourism support

Council established an economic development committee in late 2010. A Mayoral Summit for Jobs was held in May, run by the Nelson Economic Development Agency (EDA). The EDA also allocated funding for Events including the decision to contribute towards the movie 'Kiwi Flyer', which was subsequently filmed in and around Nelson in August 2011.

The year up to June 2011 included substantial preparations for a successful Rugby World Cup event running in September and October 2011. Council's role in the event expanded with the addition of an extra match after damage to Christchurch's facilities from the February 2011 earthquake ruled it out as a venue. Facilities and systems were tested over the winter of 2011 with the Crusaders playing several of their matches in Nelson as a result of earthquake damage to their home venue.

YOU SAID Surveyed residents ranked this area of Council's work at tenth out of 14 activities with a satisfaction rating of 41%, and with low dissatisfaction levels of 6%. Of the 13 who comments, there was a mix of those who wanted more investment and those who wanted less. Some wanted more tourism promotion to attract visitors to Nelson.



Of the two targets, one was achieved and the other on resident satisfaction was not able to be compared to target due to a survey method change.



Close to budget – there were no material differences against budget for this Council activity.

OPERATING BUDGET: \$1.5m

ACTUAL SPENT: \$1.7m

Managing emergencies and natural hazards

Council had a significant role in the Canterbury earthquakes' aftermath, including Nelson's specialist urban rescue team, NZRT2, being deployed to assist following the 22 February 2011 earthquake. Council also provided an initial response to assist the many Christchurch people who left the city immediately after that quake.

A recent national survey showed the top of the south, including Nelson, is the most prepared at home, at 51% compared to a national average of 32%. Eighty percent of respondents reported having an emergency survival kit compared to only 43% of residents in 2010 and a national average of 63%. It is an indication that the intensive communication efforts of staff and media awareness of the earthquakes' effects have assisted residents to prepare for emergency events.

YOU SAID

Council's emergency management work received a 43% satisfaction rating and an extremely low dissatisfaction level. It had the largest don't know rating of 24%, which suggests a lack of knowledge of councils' role in emergency management rather than dissatisfaction with performance. Council results show an extensive network and planning is in place.



Close to budget – there were no material differences against budget for managing emergencies.

OPERATING BUDGET: \$431,000

ACTUAL SPENT: \$517,000



Eight of nine targets were achieved. The only shortfall is in the provision of an adequate stand-alone Emergency Operations Centre (EOC) for Nelson and Tasman, for which funding has been provided in 2011/12.

Social development

As in previous years, Council worked with literally hundreds of organisations around the city to assist in enhancing the city's environmental, economic, social and cultural wellbeing. Council worked with diverse organisations across all sectors: environmental, economic, social and cultural. Examples include Government Ministries and organisations, The Police, NZ Transport Agency, community groups like the Nelson Multi Ethnic Council, the Community and Whanau Group, Victory Urban Community the Chamber of Commerce and Uniquely Nelson. Environmental groups include the Biodiversity Forum and Sustainability Forum. Cultural organisations supported by Council included The Suter Gallery, School of Music, Theatre Royal and the Provincial Museum.

Council allocated \$436,284 of Community Assistance Funding through 48 contracts and 39 one off grants for community organisations to provide services or events in Nelson. The previous year, it had allocated \$416,196.

YOU SAID

Council's social development work had the third lowest satisfaction rating of 28% but other results suggested the issue is that many residents don't know about these activities or what has been achieved. Council has a series of projects, actions and work programmes in place for youth, positive ageing and affordable housing.



Close to budget – there were no material differences against budget for social development.

OPERATING BUDGET: \$977,000

ACTUAL SPENT: \$1.2m



The target to implement Council's Social Wellbeing Policy was achieved.



Culture, heritage and arts

Festivals saw steadily increasing attendances, including for the Buskers Festival and Lantern Celebration. Art Walks expanded and Heritage Week in April 2011 went well. Founders Park welcomed 90,000 visitors over the year.

YOU SAID Surveyed residents rated Council's culture, heritage and arts work at 61%, which was 16 points higher than the year before. Of the 11 who commented, some wanted more investment in this sector and others wanted less. Council plans to review cost versus visit numbers in 2011/12.



All three targets were achieved, as in the year before.



Operating expenses for culture, heritage and arts were \$248,000 under budget, mainly due to the \$87,000 Museum archive feasibility study and the \$45,000 Founders Railway water pipe move delay.

OPERATING BUDGET: \$4.6m

ACTUAL SPENT: \$4.3m

Democracy and administration

The year saw local authority elections, the draft annual plan process and new initiatives to engage with residents including through social media. Council now employs 260 people in 225 full time equivalent positions, 15 more than a year earlier. A suite of initiatives were introduced or extended to help improve Council's delivery of its statutory duties, and improve economic performance and customer, resident and staff satisfaction.

In the lead up to the Council union proposal released in June 2011 by the Local Government Commission, Council responded to numerous requests for information by the media and the Commission. Council placed a submission on the initial proposal and presented at the Local Government Commission hearings.

YOU SAID Results from surveyed residents showed an improvement in key indicators, including satisfaction with overall Council performance, which at 51% was up by 6 points on the previous year's survey.



Two of the four targets were achieved. The revised memorandum of understanding with local iwi is yet to be signed by all parties and not all reporting requirements were met for Council controlled organisations.



Interest was \$259,000 below what had been budgeted due to delays in capital projects and lower interest rates.

Capital expenditure was \$1.5m over budget mainly due to the Clifford property purchase (\$3.1m) offset by \$1.3m due to delays in the Civic House upgrade.

In Council financial reserves and trusts, vested assets were \$2.2m over budget at \$7.4m and contributions to the reserve fund were \$0.8m over budget.

OPERATING BUDGET: \$12m

ACTUAL SPENT: \$11.6m

Financial summary for 2010/11

Council updated its investment policy and borrowing policy during the year through the annual plan process. The aim of the changes was to minimise the impact of interest rate charges on ratepayers over time. The updated policies are available on request from Council or online.

SOME DEFINITIONS:

The Statement of **Comprehensive Income** shows operating revenue and expenditure and Council's surplus for the year.

The Statement of **Changes in Equity** shows Council's opening and closing equity for the year, the remaining value of its assets after subtracting any liabilities.

The **Balance Sheet** shows Council's total assets and liabilities as at the end of the financial year on 30 June 2011.

The Statement of **Cashflows** shows the sources and uses of funds over the year – where the cash has come from and gone to.

Summary of financial performance for the year ended 30 June 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	COUNCIL			GROUP	
	Actual 2011	Estimate 2011	Actual 2010	Actual 2011	Actual 2010
	\$000	\$000	\$000	\$000	\$000
Total Operating Revenue	91,374	87,871	90,942	93,869	93,508
Total operating expenditure *	76,247	79,517	73,339	79,907	77,404
Surplus/(deficit) before tax	15,126	8,354	17,604	13,961	16,104
Share of Associates surplus/(deficit)	0	0	0	3,922	1,864
Less taxation	(8)	(148)	(50)	(301)	(431)
Net Surplus	15,118	8,206	17,554	17,582	17,536
Gains/(Losses) on property revaluation	27,255	24,146	14,163	27,255	14,485
Share of Associates revalued movements	0	0	0	243	0
Total Comprehensive Income	42,373	32,352	31,717	45,080	32,021
* includes finance costs of:	4,566	4,180	4,732	4,573	4,738

MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

Equity at start of year	1,103,302	1,105,032	1,071,586	1,173,734	1,141,713
Total Comprehensive Income	42,373	32,352	31,717	45,080	32,021
Equity at end of year	1,145,676	1,137,384	1,103,302	1,218,814	1,173,734



BALANCE SHEET AS AT 30 JUNE 2011

	COUNCIL			GROUP	
	Actual 2011	Estimate 2011	Actual 2010	Actual 2011	Actual 2010
	\$000	\$000	\$000	\$000	\$000
Current assets	14,361	20,921	16,471	17,547	19,359
Non-current assets	1,208,281	1,240,419	1,155,883	1,279,736	1,224,796
Total assets	1,222,641	1,261,340	1,172,354	1,297,283	1,244,155
Current liabilities	26,272	20,798	26,700	27,522	27,957
Non-current liabilities	50,694	103,158	42,351	50,944	42,463
Total liabilities	76,966	123,956	69,052	78,467	70,421
Total net assets	1,145,675	1,137,384	1,103,302	1,218,816	1,173,735
Equity					
Retained earnings	324,958	310,397	309,844	352,807	334,503
Other reserves	820,718	826,987	793,457	866,009	839,231
Total equity	1,145,675	1,137,384	1,103,302	1,218,817	1,173,735

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2011

Cashflow from operating activities	26,018	22,917	29,178	27,394	29,968
Cashflow from investing activities	(35,776)	(50,698)	(36,795)	(36,900)	(37,659)
Cashflow from financing activities	7,182	29,132	(30)	7,382	(36)
Net increase/(decrease) in cash held	(2,576)	1,351	(7,647)	(2,124)	(7,727)
Plus opening cash balance	2,502	6,522	10,149	3,644	11,371
Closing balance	(74)	7,873	2,502	1,520	3,644
Represented by:					
Cash and cash equivalents	(74)	7,873	2,502	1,520	3,644
Bank overdraft	0	0	0	0	0
	(74)	7,873	2,502	1,520	3,644

Council controlled organisations

The Council Group includes the following Council controlled organisations (CCO), including the Port Company and Council controlled trading organisations (CCTO). Some are co-owned with Tasman District Council. The financial and performance results for all of these are included in the full Annual Report. Most CCO financial and performance targets were met.

Port Nelson Ltd 50% with TDC

CCTOs – **Nelmac Ltd, Nelson Airport Ltd** 50% with TDC, **Tourism Nelson Ltd** trading as Nelson Tasman Tourism 50% with TDC, **Stoke Heights (Ridgeways) Joint Venture**

CCOs – **Nelson Regional Economic Development Agency, Tasman Bays Heritage Trust (Nelson Provincial Museum)** 50% with TDC and the **Bishop Suter Trust** that runs the Suter Art Gallery.

Statement of Compliance

The summary financial statements included here were prepared in compliance with 'Financial Report Standard No.43 Summary Financial Statements' issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants (May 2007). The financial information is shown in New Zealand dollars. The full financial statements were prepared in accordance with NZ generally accepted accounting practice (GAAP).

This summary was authorised for issue by the Mayor and Chief Executive on 27 October 2011. The summary financial report was extracted from the Nelson City Council 2010/11 Annual Report, dated 13 October 2011 and was audited by Audit New Zealand, which issued an unmodified opinion dated 27 October 2011.

Independent Auditor's Report

To the readers of Nelson City Council and group's summary of the annual report for the year ended 30 June 2011

We have audited the summary of the annual report (the summary) as set out on pages 1 to 18, which was derived from the audited statements in the annual report of the Nelson City Council (the City Council) and group for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 13 October 2011.

The summary comprises:

- the summary balance sheet as at 30 June 2011, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the City Council and group's non-financial performance information and summaries of other information contained in its annual report.

OPINION

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

BASIS OF OPINION

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 13 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the City Council and group.

RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

The City Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than the audit, and the audit of an amendment to the long-term council community plan, we have no relationship with or interests in the City Council or any of its subsidiaries.



Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
27 October 2011

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Get in touch with Council

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Nelson City Council
te kaunihera o whakatū